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DEPT. OF LOCAL
GOVT. FINANCE

CONTRACT FOR
Annual Trending
Washington County, Indiana
2007

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Annual Trending 2007
Washington County, Indiana
ARC #07-IN-373-WAS-00-30



This Contract is entered into this _____ day of _____, 2007, by and between the Washington County Commissioners representing Washington County Assessor and Trustee Assessors, hereinafter referred to as the "Assessors" and Appraisal Research Corporation, an Ohio Corporation with offices in Greensburg, Indiana, licensed to do business in Indiana, hereinafter referred to as "ARC".

WHEREAS the Assessors have determined they should continue to employ ARC as a technical advisor pursuant to the provisions of IC 6-1.1-4-17 for the purpose of completing Annual Trending adjustments as required by IC 6-1.1-4-4.5 and 50 IAC 21, and other technical services as may be required when requested by the Assessors.

WHEREAS the Assessors wishes to contract with ARC and ARC is willing to be contracted by the Assessors;

WHEREAS ARC is a Professional Appraiser as the term is defined in IC 6-1.1-4-17(c) and IC 6-1.1-31.7.

WHEREAS ARC shall comply with the provisions of 50 IAC 15 in the performance of services herein.

WHEREAS the Assessors have by majority vote, taken in accordance with the procedures recommended by the Department of Local Government Finance (hereinafter referred to as the "DLGF") for the application of IC 6-1.1-4-17, determined to enter into this contract.

NOW THEREFORE in consideration of the premises, mutual covenants and obligations of the parties, the Assessors and ARC agree as follows:

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1. SCOPE OF SERVICES

- 1.1 Income Analysis: Analysis of income/expense information to be applied to the assessment of apartments and other rental housing.
- 1.2 Trend Land Values: Review land values for all property classes, except for agricultural farmland; at a minimum, analyze vacant and improved sales for 2005 and 2006; in the event that insufficient sales exist, expand the time period and make appropriate time adjustments; provide trended land values and supporting documentation for residential, agricultural, commercial, industrial and all other non-exempt property classes.
- 1.3 Stratify Residential and Agricultural Neighborhoods: Stratify and re-delineate residential and agricultural neighborhoods by location and physical characteristics including, but not limited to, age, grade, condition, square feet, and lot size; establish new neighborhood delineations for rental homes, condominiums, agricultural improvements, new construction, water front and water view. Site visit residential property as needed to provide improved equity and uniformity in assessments.
- 1.4 Trend Residential and Agricultural Improvements: Upon the stratification of residential and agricultural neighborhoods, calculate new neighborhood factors for all improvements and provide all supporting documentation in an electronic format for each neighborhood. At the request of the Assessors, review any/all agricultural parcels for current use.
- 1.5 Trend Commercial and Industrial Improvements: Trend all commercial; and industrial improvements per the DLGF annual trending rule.
- 1.6 Conduct Ratio Study: Conduct an assessment ratio study for all classes of properties including, but not limited to, residential, commercial, industrial, agricultural and utility property.
- 1.7 Provide Technical Advice and Support: Provide technical advice and support to the Assessors and the PTABOA on all issues regarding appeals, i.e., property inspections, data collection, income analysis, and expert witness testimony. This shall include a review of each appeal filed and reviewed by the PTABOA. This activity shall include representing the Township Assessor, County Assessor and/or PTABOA at state-level IBOTR hearings.

- 1.8 All work carried out in connection with this project shall be carried out in accordance with the Constitution and laws of the State of Indiana, as well as the applicable rules, regulations and guidelines of the DLGF.

2. DUTIES OF ARC

- 2.1 ARC shall provide technical assistance to the Assessors in connection with the determination of annual adjustments to real property in Washington County for the assessment year of 2007, as requested and assigned by the authorized designate of the Assessors, under the terms and provisions of this contract, in accordance with and furtherance of all rules governing new construction, trending and the assessment of real property promulgated by the DLGF, and all other applicable laws, statutes, ordinances, or administrative rules.
- 2.2 ARC shall analyze income and expense information supplied by the Assessors, and develop gross rent multipliers and income capitalization rates to be used in the valuation of apartments and other rental housing.
- 2.3 The classes of property to be reviewed by ARC under this contract are limited to residential, agricultural, commercial and industrial.
- 2.4 ARC shall complete all responsibilities of the Assessors created under IC 6-1.1-4-4.5 and 50 IAC 21 regarding annual trending and the completion of required ratio studies, including:
- 2.4(A) Perform ratio studies using the methods or combination of methods acceptable under the 1999 Standard on Ratio Studies published by the International Association of Assessing Officers (IAAO) or other acceptable appraisal methods approved by the DLGF.
- 2.4(B) Use a valuation date of January 1 of the year preceding the year of the assessment date.
- 2.4(C) Use only verified valid sales of properties occurring within two (2) calendar years preceding the relevant valuation date in performance of the ratio studies.
- (1) Sales occurring before or after the assessment date shall be trended, if appropriate, in accordance with the IAAO

standard and the time adjusted sales price shall become the basis for all ensuing analysis.

- (2) If available sales data is insufficient to satisfy the IAAO standard, ARC may use sales from earlier or more recent time periods, or both, by adjusting and time trending the sales data as described in the IAAO standard.
 - (3) If ARC determines there are insufficient commercial and/or industrial improved property sales in order to determine an annual adjustment factor, ARC shall review one (1) or more of the following to derive an annual adjustment factor:
 - (3).1 Marshall and Swift cost and depreciation tables from the first quarter of the calendar year preceding the assessment date.
 - (3).2 Income data, rental data, market value appraisals, and other relevant evidence derived from appeals of the most recent assessment date and adjusted, as applicable, to January 1 of the year preceding the assessment date.
 - (3).3 Commercial real estate reports.
 - (3).4 Governmental studies.
 - (3).5 Census data.
 - (3).6 Multiple listing services (MLS) data.
 - (3).7 The independent study performed by the Indiana Fiscal Policy Institute.
 - (3).8 Other information or data to determine an annual adjustment factor.
- 2.4(D) Review all neighborhood delineations for the specified classes of property established for the most recent assessment date to determine if any adjustments or alterations are desirable.
- 2.4(E) Review all land values for the specified classes of property established for the most recent assessment date to determine if any modifications are needed in order to promote uniform and equal assessments.
- 2.4(F) Review ratio studies for each listed property class, and examine the coefficient of dispersion and price related differential to

determine if an annual adjustment factor should be applied, and determine the appropriate annual adjustment factor if required.

- 2.4(G) After any annual adjustment factor is applied, ARC shall complete an additional ratio study and provide the results of the ratio study to the Assessors in the manner and format specified in 50 IAC 14-5-1 through 50 IAC 14-5-3.
- 2.4(H) ARC shall notify the Assessors (or primary contact person) if any ratio study reveals a coefficient of dispersion and/or price related differential that is outside the appropriate ranges set in 50 IAC 21-11-1 and recommend appropriate actions to address any identified irregularities in accordance with the procedures set forth in 50 IAC 21.
- 2.4(I) Conduct any required stratifications and perform ratio studies for each strata until ARC determines the properties that are causing a coefficient of dispersion and/or price related differential that is outside of the acceptable range, and then make necessary refinements to the valuation for all similar situated properties.
- 2.4(J) No later than fifteen (15) business days prior to October 1, ARC shall submit to the Assessors all applicable parcel data used in or modified by the trending process for entry into the Assessor's CAMA system to then be exported in the specified formats as required by IC 6-1.1-4-25 to be utilized by the DLGF in accordance with IC 6-1.1-33.5-3.
- 2.4(K) Generate trending factor in a manner and format acceptable to the DLGF and the Legislative Services Agency.
- 2.5 All direct assessment activities shall be performed by a level two assessor-appraiser certified under IC 6-1.1-35.5.
- 2.6 ARC shall be responsible for making periodic reports to the Assessors. ARC shall provide written reports at the Assessors' request.
- 2.7 If ARC modifies parcel characteristics, ARC shall be responsible for generating complete parcel characteristics and assessment data in a manner and format acceptable to the Legislative Services Agency and the DLGF.

- 2.8 ARC shall be responsible for adequately providing the creation and transmission of real property assessment data in the form required by the Legislative Services Agency and the Division of Data Analysis of the DLGF.
- 2.9 ARC shall provide other technical services as may be required by the Assessors, when requested. ARC shall perform such services through the use of a Work Order authorizing payment to ARC at prevailing rates (Exhibit A), or by Addendum to this contract.
- 2.9(A) ARC shall be available to visit parcels that require field inspection, review neighborhood boundaries, market conditions, parcel information, or any situation which may influence application of trending factors.
- 2.9(B) ARC shall be available for a review of all parcels in Washington County by comparing the accuracy of the Assessors' real property inventory records to the actual properties through field visitation, and by collecting all information necessary for valuation.

3. RESPONSIBILITIES OF THE ASSESSOR

- 3.1 Final determination of true tax value is and shall remain the responsibility of the Assessors.
- 3.2 The Assessors shall provide ARC with an electronic report of all complete and correctly validated sales disclosures submitted to the DLGF for the year proceeding and including the assessment year.
- 3.3 The Assessors shall provide ARC with an electronic report of complete parcel information for all sales disclosures specified in section 3.2 reflecting current trended AV's and new construction, splits and transfers to January 1 of the assessment year.
- 3.4 Remediation of sales disclosure issues is the responsibility of the Assessors, however, if requested, ARC shall perform at ARC's current prevailing rates (Exhibit A).
- 3.5 Assessors shall be responsible for updating their CAMA system to reflect changes in parcel characteristics and/or sales disclosure validity as a result of the trending analysis.

3.6 Assessors shall provide access to all maps and parcel data as required by ARC.

3.7 Assessors shall provide for the printing and mailing of Form 11.

4. CONSIDERATION

4.1 A fee of twenty-four thousand dollars (\$24,000) for annual trending in full payment for the complete performance of all duties, responsibilities and activities set forth in this contract. Work activity shall be billed as performed. Invoices shall be paid within thirty (30) days of receipt.

4.2 ARC shall provide five (5) person days of annual trending defense of values. Any additional person days for technical service shall be charged at ARC's current prevailing rates (Exhibit A).

5. TERM OF CONTRACT

5.1 ARC shall commence work upon execution of this contract.

5.2 ARC shall complete all work, other than assistance required in regard to an appeal filed under IC 6-1.1-15 before the PTABOA, prior to August 1, 2007.

5.3 This contract shall remain in force until either party notifies the other that the services provided are terminated. Whereas the dates and deadlines are established in the contract, the same shall be extended by one (1) year and continue annually until either party gives written notice to the other party thirty (30) days prior to the intent to terminate

6. PROFESSIONAL APPRAISER CERTIFICATION

6.1 ARC personnel are certified as a "professional appraiser" under IC 6-1.1-31.7 in order to enter into this contract. ARC represents and warrants that it is certified as a "professional appraiser" under IC 6-1.1-31.7 at the time of entering into this contract; and shall take all steps necessary to remain certified as a "professional appraiser" under IC 6-1.1-31.7 through the term of this contract.

6.2 In accordance with IC 6-1.1-31.7-4, this contract is void and ARC may not receive additional funds under this contract if ARC's certification as a "professional appraiser" under IC 6-1.1-31.7 is revoked.

7. CONTRACT REPRESENTATIVE

- 7.1 The County Assessor shall serve as the primary contact person under this Contract.

8. CONTRACT REPORTS AND MONITORING

- 8.1 ARC shall extend its full cooperation to the Assessors by providing access to all program related records, and by making personnel available upon request for the purpose of monitoring quality, performance and progress.

9. TIME AND MANNER OF PAYMENT

- 9.1 Payment shall be made in twelve (12) equal installments with the first installment due one month following the execution of this contract. Payment shall be made to ARC within thirty (30) days after submission.

10. PENALTIES

- 10.1 Payments due under this contract shall be reduced by the amount of fifty dollars (\$50.00) per business day that any work remains incomplete after due dates specified.

11. NON-DISCRIMINATION

- 11.1 Pursuant to IC 22-9-1-10, ARC and its subcontractors, if any, shall not discriminate against any employee or applicant for employment, to be employed in the performance of this contract, with respect to the individual's hire, tenure, terms, conditions, or privileges of employment, because of the individual's race, color, religion, sex, handicap, national origin or ancestry. Breach of this covenant may be regarded as a material breach of contract.

12. GENERAL PROVISIONS

- 12.1 This contract sets forth the entire agreement and understanding of the parties. No representation, promise, inducement, or statement of intention has been made by either party which is not set forth in this contract and neither party shall be bound by or liable for any alleged representation, promise, inducement or statement of intention not so set forth.

- 12.2 No waiver, alteration, modification, or cancellation of any of the provisions of this contract shall be binding unless made in writing and signed by all those signing this contract or successors in office. The failure of either party at any time or times to require performance of any provisions of this contract shall not be considered a waiver and shall in no manner affect the right at a later time to enforce that provision.
- 12.3 In the event that one or more of the provisions contained in this contract shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions. If any provisions contained in this contract shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it then shall appear.
- 12.4 This contract shall be subject to and interpreted in accordance with the law of the State of Indiana and suit, if any, shall be brought in Indiana courts.
- 12.5 This contract shall be binding upon and inure to the benefit of the parties and their respective successors, assigns and legal representatives, provided, however, that the rights, duties, and privileges of ARC may not be transferred, sublicensed or assigned by it, either in whole or in part, without the prior written consent of the Assessors.

13. DELAYS

- 13.1 Whenever ARC or the Assessors have knowledge that any actual or potential situation is delaying, or threatens to delay, the timely performance of this contract, they shall within thirty (30) days provide written notice of the delay to the other party by certified mail, return receipt requested, including all relevant information with respect to the actual or potential cause of the delay.
- 13.2 In the event of a delay by the DLGF, Legislative action or court rulings, the Assessors reserve the right to renegotiate all terms of the contract including costs.

14. IDENTIFICATION

- 14.1 ARC shall provide field personnel with suitable identification cards, which shall include an up-to-date photograph supplied by ARC.
- 14.2 The Assessors shall identify all ARC field personnel and their vehicles to the appropriate local law enforcement officials and notify those officials when personnel are in the field.

15. TERMINATION

- 15.1 The Assessors may terminate this contract, if they determine that ARC has failed to make satisfactory progress toward performance. In such case, the Assessors shall transmit a written Notice of the Default and termination to ARC thirty (30) days prior to the proposed termination date, and ARC shall be given thirty (30) days in which to remedy the condition which has caused the Termination Notice, or suffer termination.
- 15.2 ARC shall continue performance to the extent not terminated under the provisions of the above paragraph and shall be compensated for its performance pursuant to an agreement of the parties.

16. INSURANCE AND WORKERS COMPENSATION

- 16.1 ARC shall carry automobile, public liability and worker's compensation in the minimum amounts as shown below:

<u>Type</u>	<u>Coverage</u>	<u>Amount</u>
Automobile	Bodily injury	\$100,000/\$300,000
	Property Damage	\$100,000
Public Liability		\$100,000/\$300,000
Worker's Compensation		Statutory requirement

- 16.2 If requested, a certificate from an insurance carrier authorized to do business within the State of Indiana shall be furnished to the Assessors attesting to the above coverage.

17. INDEPENDENT CONTRACTOR

- 17.1 ARC is not an agent, employee, partner, joint venturer or associate of the Assessors. The employees or agents of ARC shall not be deemed or

construed to be the employees or agents of the Assessors for any purpose whatsoever.

18. LIABILITY

18.1 ARC agrees to indemnify, defend, and hold harmless the Assessors, and their townships and county, and all agents, officers and employees of those townships and the county, from all claims and suits including, court costs, attorney's fees, and other expenses, caused by any act or omission of ARC and/or its subcontractors.

19. SUBCONTRACTING

19.1 ARC shall obtain prior written approval of the Assessors before subcontracting any portion of this contract. This limitation shall not apply to the purchase of standard commercial supplies or raw materials.

20. FORCE MAJEURE

20.1 Neither party shall be liable for delays or performance failures resulting from and caused by acts beyond the either party's control. Such acts shall include acts of God, acts of war, epidemics, communication line failures, power failures, earthquakes, and other similar disasters. In every case the delays must be beyond the control and without the fault or negligence of the non-performing party.

21. MAINTAINING A DRUG-FREE WORKPLACE

21.1 ARC hereby covenants and agrees to make a good faith effort to provide and maintain during the term of this contract a drug-free workplace and ARC shall give written notice to the Assessors within ten (10) days after receiving actual notice that an employee of ARC has been convicted of a criminal drug violation occurring in ARC's workplace. ARC further agrees that this contract is expressly subject to the terms, conditions and representations contained in the Drug-Free Workplace certification executed by ARC.

22. CONFIDENTIAL NATURE OF APPRAISAL DATA

22.1 ARC shall assure that no individual on ARC's staff shall disclose any appraisal information to any individual, firm or corporation other than appropriate public officials and their authorized agents. Any data, which is

IN WITNESS WHEREOF, the parties have executed this contract by their duly authorized officers.

WASHINGTON COUNTY, INDIANA

Lana Sullivan
Commissioner

Date: 4/4/07

Michael Conway
Commissioner

Date: 4/4/07

Bryan Green
Commissioner

Date: 4/4/07

ATTEST

Sarah Bachman
Auditor

Date: 4/4/07

Engene Brubaker
Assessor

Date: 04-04-07

APPRAISAL RESEARCH CORPORATION

Richard H. Hoffman
Richard H. Hoffman, ASA, CAE, MAI, CRE
President & CEO

Date: 20 MARCH 2007

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EXHIBIT A

STATEMENT OF FEES
APPRAISAL RESEARCH CORPORATION

Senior Designated Appraiser	\$150.00 per hour
Designated Appraiser	\$125.50 per hour
Senior Level II Assessor	\$100.00 per hour
Level II Assessor	\$75.00 per hour
Computer Systems Analyst	\$85.00 per hour
Real Estate Information Tech	\$55.00 per hour
Data Entry Supervisor	\$47.50 per hour
Clerical Support	\$30.00 per hour

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